



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 23, 2009

**H.R. 3219
Veterans' Insurance and Health Care Improvement Act of 2009**

As ordered reported by the House Committee on Veterans' Affairs on July 15, 2009

SUMMARY

H.R. 3219 would affect several veterans' programs dealing with medical care and insurance. H.R. 3219 also would establish a new fund to provide benefits to certain veterans of World War II. CBO estimates that implementing H.R. 3219 would cost \$229 million in 2010 and \$895 million over the 2010-2014 period, assuming appropriation of the specified and estimated amounts. Enacting the bill would have no impact on direct spending or revenues.

H.R. 3219 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3219 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services). For the purpose of this estimate, CBO assumes that H.R. 3219 will be enacted near the start of fiscal year 2010 and that the necessary funds for implementing the bill will be provided each year.

	By Fiscal Year in Millions of Dollars					2010-2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Benefits to Qualified World War II Veterans						
Authorization level	222	193	170	146	124	855
Estimated Outlays	222	193	170	146	124	855
Copayments from Certain Disabled Veterans						
Estimated Authorization level	8	8	8	8	8	40
Estimated Outlays	7	8	8	8	8	39
Other Health Care Provisions						
Estimated Authorization level	*	*	*	*	*	1
Estimated Outlays	*	*	*	*	*	1
Total Changes						
Estimated Authorization Level	230	201	178	154	132	896
Estimated Outlays	229	201	178	154	132	895

Notes: * = less than \$500,000.

Numbers may not sum to totals because of rounding.

BASIS OF ESTIMATE

H.R. 3219 would affect several programs administered by the Department of Veterans Affairs (VA), including those providing medical care and insurance and would establish a new fund to pay benefits to qualified World War II veterans. CBO estimates that implementing H.R. 3219 would cost \$895 million over the 2010-2014 period, assuming appropriation of the specified and estimated amounts.

Benefits to Qualified World War II Veterans

Under section 301 certain individuals who served during World War II would be eligible to receive a monthly benefit of \$1,000, subject to the availability of funds provided for that purpose. The benefit would be provided to veterans who were retroactively deemed to have served on active duty by the GI Bill Improvement Act of 1977 (Public Law 95-202) if they apply within a year of the enactment of H.R. 3219.

To provide those benefits, section 301 would establish the Qualified World War II Veterans Equity Compensation Fund. Amounts in the fund would be used to pay the monthly benefit to eligible individuals, on a first-come, first-served basis. The bill would specifically authorize appropriations for each year as shown in the table.

Based on information from VA and the Department of Defense (DoD) on the number of qualified veterans that served during the specified period, their average age, and on mortality rates from DoD, CBO estimates that, in 2010, about 74,000 veterans would qualify for the benefit. We estimate that one-quarter of them, about 18,500, would apply for the benefit. The amount authorized in section 301 (\$222 million) would allow all of those applicants to receive the full monthly benefit in 2010, assuming appropriation of that amount.

Using the DoD mortality rates, CBO estimates that the amounts authorized for 2011 through 2014, if appropriated, would be sufficient to continue providing monthly payments to surviving beneficiaries. In total, CBO estimates that implementing section 301 would cost \$855 million over the 2010-2014 period.

Copayments from Certain Disabled Veterans

Section 203 would prohibit the collection of copayments and other fees from catastrophically disabled veterans who receive hospital care or medical services from VA. Catastrophically disabled veterans are those who have a permanent, severely disabling condition that affects their ability to carry out the activities of daily living to such a degree that they require constant supervision or assistance to leave their homes.

In 2008, VA collected \$8 million in copayments for medical care and prescription drugs from such veterans; implementing this provision would result in a loss of those collections. Such collections are offsets to discretionary appropriations. As part of the annual appropriations process, the Congress gives VA authority to spend those collections. Therefore, maintaining the same level of health care services for veterans would necessitate additional funding each year to make up for the loss of copayments under this bill. Thus, CBO estimates that implementing this provision would cost \$40 million over the 2010-2014 period.

Other Health Care Provisions. Taken together, CBO estimates that implementing the following provisions would cost about \$1 million over the 2010-2014 period, assuming availability of appropriated funds:

- Section 201 would authorize VA to provide medical care to recipients of the Congressional Medal of Honor under its third-highest priority category. According to the Congressional Medal of Honor Society, there are fewer than 100 living recipients.
- Section 204 would establish the position of a Director of Physician Assistant Services within the VA. A similar position already exists. (Thus, any additional costs for the new position would be negligible.)
- Section 205 would authorize VA employees to serve on a committee to assess and advise the agency on treatment of traumatic brain injuries.

Insurance Programs

H.R. 3219 would make several changes to veterans insurance programs, specifically Servicemembers Group Life Insurance (SGLI) and Veterans Group Life Insurance (VGLI). Any costs associated with these provisions in the short run would be absorbed by the SGLI or VGLI fund. Over the long term, such costs would be covered by increased premiums and would therefore have no budgetary impact.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3219 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On May 7, 2009, CBO transmitted a cost estimate for H.R. 23, the Belated Thank You to the Merchant Mariners of World War II Act of 2009, as ordered reported by the House Committee on Veterans' Affairs on May 6, 2009. Section 301 of H.R. 3129 and H.R. 23 would both create funds to provide monthly benefits to certain World War II veterans who were deemed retroactively to have served on active duty. H.R. 3129 would provide benefits to several such categories of veterans including Merchant Mariners, while H.R. 23 would only provide payments for Merchant Mariners. Differences in the estimates reflect that difference in the legislation.

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